WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

POLICY MANUAL UPDATE

August, 2000

Enclosed is the latest update to your Policy Manual. **Please update your Manual, as detailed below, as soon as possible**.

Section 1 - Entitlement

_____ Remove Policy 1.3.3R "Multiple Chemical Sensitivity/Environmental Illness: Adjudication Protocol" approved by the Board of Directors on June 21, 1996 There is no Policy to replace Policy 1.3.3R.

This Policy was determined by the Workers' Compensation Appeals Tribunal (WCAT) to be inconsistent with the Act in its February 22, 2000 panel hearing decision on 'environmental irritant syndrome' (EIS). In the absence of Policy the WCB will adjudicate EIS claims on an individual basis, by an appropriate weighing of all relevant evidence, in accordance with the legislation.

_____ Remove Policy 1.4.1 "Use of Textbooks or Similar Resources as Evidence" approved by the Board of Directors on January 9, 1997. There is no Policy to replace Policy 1.4.1.

This Policy was determined by the Workers' Compensation Appeals Tribunal (WCAT) to be inconsistent with the Act in its February 22, 2000 decision on environmental irritant syndrome.

_____ Remove Policy 1.4.2 "Hearsay Evidence" approved by the Board of Directors on December 1, 1999. There is no Policy to replace Policy 1.4.2.

This Policy was determined by the Workers' Compensation Appeals Tribunal (WCAT) to be inconsistent with the Act in its February 22, 2000 panel hearing decision on environmental irritant syndrome.

Section 9 - Assessments and Collections

_____ Replace Policy 9.3.1 "Classification, Rate Setting and Experience Rating Process, approved by the Board on September 14, 1995 (2 pages), with revised Policy 9.3.1R (same name, also 2 pages), approved by the Board on June 30, 2000 and effective January 1, 2001.

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This Policy, which provides an overview of classification, rate setting, and experience rating, has been clarified to provide greater details surrounding the experience rating process.

_____ Insert new Policy 9.3.2A "Temporary Transition", approved by the Board on June 30, 2000 and effective January 1, 2001 (1 page), immediately following revised Policy 9.3.1R.

When the Classification, Rate Setting, and Experience Rating Model was introduced by the Board in 1996 a temporary transition process was implemented. Temporary transition was introduced to lessen the impact of large rate increases which employers faced under the new Rate Setting Model by spreading out the increases over a five year period. Effective January 1, 2001, the temporary transition period will be completed.

_____ Replace Policy 9.3.2R "Transition", approved by the Board on September 19, 1997 and effective September 19, 1997 (1 page) with revised Policy 9.3.2R1 "Transition" approved by the Board on June 30, 2000 and effective January 1, 2001 (also 1 page), immediately following new Policy 9.3.2A "Temporary Transition."

The temporary transition period established as part of the introduction of the Rate Setting Model in 1996 is completed. However, on-going transition may occur as a result of changes in rate group structure or cost experience. This Policy outlines the rules for ongoing transition, effective January 1, 2001 onward.

_____ Replace Policy 9.4.1R "Experience Rating Participation", approved by the Board on September 19, 1997 and effective September 19, 1997 (1 page) with revised Policy 9.4.1R1 "Experience Rating Participation" approved by the Board on June 30, 2000 and effective January 1, 2001 (2 pages).

Effective January 1, 2001 the maximum merit and demerits provided under Experience Rating will increase. For 2001 the maximum merit for large employers will increase to 30% while the maximum demerit will increase to 60% (see following Policy revision).

Small premium employers (average premiums of less than $5,000) do not currently participate under experience rating at the same levels as large premium employers. This Policy revision maintains the existing participation for small premium employers under the new experience rating levels. Small premium employers now participate at 33%, which will maintain the participation levels to a maximum merit of 10% (.3333 x 30%) and a maximum demerit of 20% (.3333 x 60%).

_____ Replace Policy 9.4.2R "Experience Rating - Maximum Merit or Demerit," approved by the Board of Directors on September 19, 1997 and effective September 19, 1997 (1 page), with revised Policy 9.4.2R1 "Experience Rating - Maximum Merit or Demerit," approved by the Board of Directors on June 8, 2000 and effective January 1, 2000 (also 1 page).

Effective January 1, 2001 the maximum merit and demerits provided under Experience Rating will increase. For 2001 the maximum merit for large employers will increase to 30% while the maximum demerit will increase to 60%

Workers' Compensation Board of Nova Scotia

POLICY

NUMBER: 1.3.3R

Effective Date: February 22, 2000

Topic: **Multiple Chemical Sensitivity/Environmental Illness: Adjudication Protocol**

Date Issued: August 3, 2000

Section: Entitlement

Date Approved by Board of Directors: June 30, 2000

Subsection: General

Policy 1.3.3R, approved June 21, 1996 and effective June 21, 1996, was rescinded by the Board of Directors on June 30, 2000, effective Feb. 22, 2000.

The Policy was rescinded in order to comply with the Workers' Compensation Appeals Tribunal (WCAT) February 22, 2000 panel hearing decision on Environmental Irritant Syndrome (EIS).

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

POLICY

NUMBER: 1.4.1

Effective Date: February 22, 2000

Topic: **Use of Textbooks or Similar Resources as Evidence**

Date Issued: August 3, 2000

Section: Entitlement

Date Approved by Board of Directors: June 30, 2000

Subsection: Decision Making

Policy 1.4.1, approved January 9, 1997, was rescinded by the Board of Directors on June 30, 2000, effective Feb. 22, 2000.

The Policy was rescinded in order to comply with the Workers' Compensation Appeals Tribunal (WCAT) February 22, 2000 panel hearing decision on Environmental Irritant Syndrome (EIS).

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

POLICY

NUMBER: 1.4.2

Effective Date: February 22, 2000

Topic: **Hearsay Evidence**

Date Issued: August 3, 2000

Section: Entitlement

Date Approved by Board of Directors: June 30, 2000

Subsection: Decision Making

Policy 1.4.2, approved November 4, 1999 and effective December 1, 1999, was rescinded by the Board of Directors on June 30, 2000, effective Feb. 22, 2000.

The Policy was rescinded in order to comply with the Workers' Compensation Appeals Tribunal (WCAT) February 22, 2000 panel hearing decision on Environmental Irritant Syndrome (EIS).

POLICY

NUMBER: 9. 3. 1R

Effective Date: January 1, 2001

Date Issued: August 3, 2000

Date Approved by Board of Directors: June 30, 2000

Topic: **Classification, Rate Setting and Experience Rating Process**

Section: Assessments and Collections

Subsection: Rate Setting

Policy Statement

1. The following describes the process for classifying employers and setting assessment rates.

1.1 Step 1 - Classification of Employers by Standard Industrial Classification (SIC)

Each employer is classified based on the principal activity of the business. The framework used to classify employers is the SIC published by Statistics Canada.

1.2 Step 2 - Industry Group Formation

Industry groups are determined by combining SIC's which have similar business activities.

1.3 Step 3 - Rate Group Formation

Rate groups are determined by combining industry groups with similar accident experience.

1.4 Step 4 - Setting of Rates by Rate Group

Assessment rates are determined for each rate group based on the rate group's five-year accident experience. This is referred to as the rate group's baseline rate.

1.5 Step 5 - Setting of Basic Rates by Employer

Each employer's basic rate (prior to experience rating) is determined by moving the current rate toward the rate group baseline rate over a transition period (see Policy 9.3.2R1 - Transition).

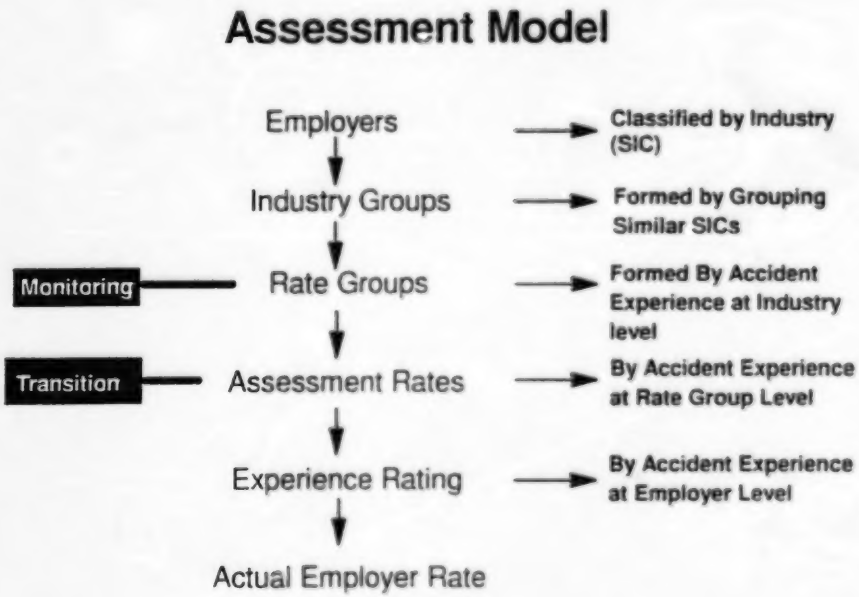
1.6 Step 6 - Experience Rating

Experience Rating is a program, designed to be revenue neutral, which adjusts employer rates on the basis of the comparison of their accident experience (cost to payroll ratio) to the average accident experience of the rate group over a period of three years. Employers with better than average accident experience may receive merits (rate decreases), while employer with worse than average accident experience

receive demerits (rate increases). (See Policy 9.4.2R1, re: Maximum Merit/Demerit). In the calculation of the average accident experience, the WCB excludes claim costs for any employers at the maximum demerit which are beyond the level required to put them at this maximum, as they form a portion of the collective liability of the rate group. However, the average ratio used cannot be less than half (50%) of the ratio for the rate group including these collective liability costs.

Guidelines

The following diagram illustrates the classification, rate setting and experience rating process:



Application

This Policy applies to 2001 assessment rates onward.

References

Workers' Compensation Act (Chapter 10, Acts of 1994 - 95), (as amended), Sections 120(1), 121(1)(2)(3)(7), 125(1).

Executive Corporate Secretary

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

POLICY

NUMBER: 9. 3. 2A

Effective Date: January 1, 2001
Date Issued: August 3, 2000
Date Approved by Board of Directors: June 30, 2000

Topic: Temporary Transition
Section: Assessments and Collections
Subsection: Rate Setting

Preamble

When the Rate Setting Model was first introduced by the Board in 1996 (see Policy 9.3.1R, "Classification, Rate Setting, and Experience Rating Process," for an overview) a temporary transition process was implemented. Temporary transition was introduced to lessen the impact of large rate increases which employers faced under the new Model by spreading out the increases over a five year period.

Policy Statement

1. Effective January 1, 2001, the temporary transition period established as part of the introduction of the Rate Setting Model in 1996 shall be complete.

2. On-going transition may occur as a result of changes in rate group structure or cost experience. Policy 9.3.2R1 outlines the rules for ongoing transition. effective January 1, 2001 onward.

Application

This Policy applies to the assessment year 2001.

References

Workers' Compensation Act (Chapter 10, Acts of 1994 - 95), (as amended), Section 121(1).

Executive Corporate Secretary

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

POLICY

NUMBER: 9. 3. 2R1

Effective Date: January 1, 2001
Date Issued: August 3, 2000
Date Approved by Board of Directors: June 30, 2000

Topic: Transition
Section: Assessments and Collections
Subsection: Rate Setting

Policy Statement

1. The maximum change in an employer's basic rate, prior to the application of Experience Rating, is limited to 20% in any given year.

2. Notwithstanding paragraph 1., prior to Experience Rating:

   a) no firm's basic rate shall exceed 1.20 times (120% of) the rate group's baseline rate;

   b) there shall be a minimum increase of 60 cents for employers in upward transition.

Guidelines

1. The "baseline rate" is the rate where all employers in the rate group are headed, based on the rate group's cost experience.

2. The "basic rate" is the individual employer's assessment rate, without considering Experience Rating.

Application

This Policy applies to the 2001 assessment year onwards.

References

Workers' Compensation Act (Chapter 10, Acts of 1994 - 95), (as amended), Section 121(1).

R. Adams

Executive Corporate Secretary

POLICY

NUMBER: 9. 4.1 R1

Effective Date: January 1, 2001

Date Issued: August 3, 2000

Date Approved by Board of Directors: June 8, 2000

Topic: Experience Rating Participation

Section: Assessments and Collections

Subsection: Experience Rating

Policy Statement

1. Participation in the Experience Rating Program varies according to the employer account's average annual assessment during the historical period considered for Experience Rating and the number of years the employer account was active in that period.

1.1 Calculated Participation Rate

The level of participation is calculated by multiplying:

a) a factor for years of activity during the historical period:

1 year of activity = 25%
2 years of activity = 50%
3 years of activity = 100%

(Note: New firms to the system, with no payroll experience, will not participate in Experience Rating.)

and

b) a factor for average annual assessment during the historical period:

i) effective 2001 assessment year, 33.33% for average assessments from $0 - $5000, plus 1 percentage point for each additional $200, to a maximum of 100%.

Example

Consider an employer account with an average annual assessment of $10,000 which was active for two years in the historical period. The participation level is determined as follows:

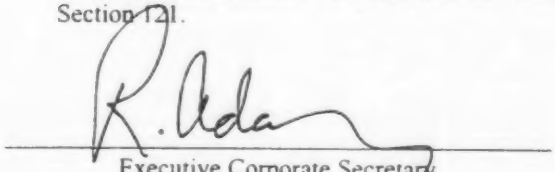
Factor for years of activity = 50% (2 years of activity)

Factor for average annual assessment = 58.33%, calculated at 33.33% for the first $5000 average, plus 25% for the remaining $5000 ($5000/$200 = 25%).

Participation level = 50% x 58.33% = 29%

Application This Policy applies to 2001 assessment rates onward.

References Workers' Compensation Act (Chapter 10, Acts of 1994 - 95), (as amended) Section 121.



Executive Corporate Secretary

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

POLICY

NUMBER: 9. 4. 2R1

Effective Date: January 1, 2001

Date Issued: August 3, 2000

Date Approved by Board of Directors: June 8, 2000

Topic: **Experience Rating - Maximum Merit or Demerit**

Section: Assessments and Collections

Subsection: Experience Rating

Policy Statement

1. The maximum merit (decrease) in an employer's basic rate as a result of Experience Rating is 30%.

2. The maximum demerit (increase) in an employer's basic rate as a result of Experience Rating is 60%.

Application

This Policy applies to 2001 assessment rates onward.

References

Workers' Compensation Act (Chapter 10, Acts of 1994 - 95), (as amended), Section 121.

R. Adam

Executive Corporate Secretary